

Health and Senior Services Commissioner Mary E. O'Dowd
Senate Budget Committee
May 17, 2012

Good Morning Chairman Sarlo, Vice Chairman Stack, Senator Bucco and members of the Committee.

Thank you for the opportunity to appear before you today to discuss the Department of Health's budget for State Fiscal Year 2013. If I may, I would like to introduce my team.

Joining me are:

Cathleen Bennett, Director of Policy and Strategic Planning;
Dr. Arturo Brito, Deputy Commissioner for Public Health Services;
John Fasanella, Director of the Division of Management and Administration;
Bill Conroy, Acting Deputy Commissioner for Senior Services and Health Systems; and
Kathleen Mason, Assistant Commissioner for the Division of Senior Benefits and Utilization Management.

During his Budget Address, Governor Chris Christie announced a restructuring of state government. A significant part of his proposal involves the transfer of senior services to the Department of Human Services—specifically, two divisions will become part of a new Division of Aging Services at DHS.

The Department's budget reflects this change. A total of \$2.2 billion would be transferred from the Department of Health to the Department of Human Services.

The Department's proposed budget would total \$1.9 billion and gives us a unique opportunity to sharpen our focus on key public health issues. Our agency's mission is to improve health through leadership and innovation. We will continue to license and inspect health care facilities, provide quality data to consumers, ensure the safety of food, monitor communicable diseases, provide services to the uninsured through our health care safety net and respond to public health emergencies.

Health Care Safety Net

We have several core programs that invest in our health care safety net and support services to New Jersey's vulnerable population.

In recognition of Autism Awareness Month in April, Governor Christie highlighted the state's ongoing commitment to services that support children and adults with Autism. New Jersey has one of the best systems in the nation for identifying, diagnosing and caring for children with Autism Spectrum Disorders (ASDs). A critical component of this commitment is the Department of Health's Early Intervention Program, which is funded at nearly \$140 million and serves infants and toddlers up to age three who have developmental delays and disabilities including autism. In addition, the Department has continued funding for our Autism Registry

which makes it easier for families to be connected to the appropriate diagnostic treatment and support services. And this year, the Governor's Council for Research and Treatment of Autism will award up to \$8 million in grants and establish a NJ Autism Center for Excellence.

This budget preserves New Jersey's long standing commitment to services that provide screening for children and adults to ensure that care is delivered early to improve outcomes. The newborn screening program, which receives \$6.5 million in state funds, received national attention last summer when a newborn's life was saved at Newton Memorial Hospital in Sussex County. A first-in-the-nation law signed by Governor Christie required infants to be screened for heart defects before they leave the hospital. And in March, I visited Saint Michael's Medical Center in Newark to raise awareness of the New Jersey Cancer Education & Early Detection program—NJCEED—which provides cancer screening for nearly 22,000 low-income individuals and is funded at \$6 million.

The Governor's budget also provides more than \$1 billion in funding to maintain his commitment to ensuring access to services for the uninsured. Federally Qualified Health Centers will receive \$46.4 million in reimbursement, a record high. And hospitals will receive \$961 million in subsidies to support their services to the uninsured.

This year's charity care formula reflects changes based on feedback we received from the Legislature and hospital industry and are designed to make the formula more predictable, transparent and equitable. In addition, the formula appropriately aligns incentives for providing charity care. Every hospital with an increase in care will see an increase in its subsidy and every hospital with a decrease in care will see a decrease in its subsidy.

New Jersey hospitals provide excellent care, even when they face challenging circumstances.

This is a time of great transformation for our hospitals. Some have merged into larger systems. Others have moved into state-of-the-art facilities. In addition, national and local for profit hospitals have expressed interest in bringing capital to invest in New Jersey's healthcare delivery system. All New Jersey hospitals—regardless of whether they are for profit or nonprofit—are inspected by the Department, mandated to provide charity care, monitored through our early warning system and required to report on their quality performance.

Medicinal Marijuana

Another area of significant public interest has been the ongoing implementation of the Department's Medicinal Marijuana Program. The Governor's proposed budget includes \$784,000 to support the staffing and operation of the program.

The Department is committed to ensuring that medicinal marijuana is safely and securely available to patients as quickly as possible. Our goal is to implement a program that allows qualified patients to obtain marijuana in a timely, safe and secure manner. In addition, we need to protect the public from the risks associated with the cultivation and distribution of marijuana, including the safety risks associated with the illegal diversion of the product. We are creating and administering a program with the highest standards, which will serve as a model for other

states. We are building an infrastructure from the ground up and the long-term success of this program depends on carefully taking our first steps and seriously considering the complex issues that are involved.

Since I was before this committee last spring the Department has continued to make meaningful progress. To ensure the integrity of the program, we have implemented a thorough yet efficient permitting process. In November, we provided disclosure and permitting forms for ATCs. In December, we hired a full time Director for the program and adopted regulations. Since the beginning of this year, we have hired additional staff, conducted multiple pre-operation permitting visits for two ATCs, completed many background investigations and researched and identified mechanisms for quality control, safety, laboratory testing, disposal and education for law enforcement.

Last month, we provided the first permit to grow medicinal marijuana to an ATC in New Jersey and have conducted remote and on-site inspections of the cultivation facility. In addition, we released the names of physicians who have voluntarily registered to participate in the program. The physician registry now includes more than 130 physicians.

I assure you that the Department has been, and continues to be, committed to implementing this program and I believe we have struck an appropriate balance between public safety and access for qualified patients.

Working Smarter

Finally, I would like to spend a few moments to describe the Department's efforts to ensure our public dollars have the greatest impact.

Creative Partnerships

Creative partnerships are one way to enhance the effect of limited state dollars. Our *Shaping NJ* program has teamed up with nearly 200 health, nutrition, fitness, business and community leaders to prevent obesity through nutrition and education. In the past, obesity prevention focused on the individual, but *Shaping NJ* focuses on creating environments that support healthy behavior – to make “the healthy choice the easy choice.”

Another example of a creative partnership is a recent—first of its kind in the nation--collaboration with the Health Care Association of New Jersey. Rather than only regulate minimum standards in our assisted living facilities, we are asking providers to go beyond the minimum—to strive for excellence and be rewarded with a special designation called Advanced Standing. This will provide consumers with quality benchmarks for the first time.

Providing Tools

The Department is also working smarter by providing consumers with tools to access the information they need to make informed healthcare choices. Earlier this year, we posted inspection reports on our website for more than 260 licensed or certified ambulatory surgery centers. We have also added new healthcare acquired infection measures to our annual Hospital Performance Report.

Working with the New Jersey Hospital Association, we are creating a new tool for providers called Physician Orders for Life-Sustaining Treatment—or POLST. This law recently signed by Governor Christie allows patients to outline the kind of medical care they want at the end of life and makes it easier for providers to honor their wishes.

Leveraging Resources

I believe it is critical for the Department to leverage every resource we have. Therefore, we have been re-examining all grants to ensure that we are maximizing our resources and are focused on outcomes. In March, I announced \$8 million in HIV/AIDS grants and increased funding went to places like the Henry J Austin Health Center in Trenton because of its comprehensive approach to care. They have consolidated all services in one health home—minimizing barriers for patients and improving health outcomes. This summer, the Department will provide an additional \$21 million in funding for the care and treatment, prevention, counseling and testing for those affected by HIV.

In addition, Community Mobilization grants awarded through our Office of Minority and Multicultural Health have had great success in reducing school absences and pediatric ER visits due to asthma. The Department has a long history of working to reduce health disparities, like asthma through strategic collaborations with community and faith-based organizations and health providers.

Last month was Minority and Multicultural Health Month in New Jersey and we had an opportunity to highlight the great work of our partners as well bring attention to the need for healthy equity in our state. More than 60 events were held throughout the state during the month.

Summary

In closing, I want to thank you again for this opportunity to discuss the Department's budget.

I look forward to working with you, and I would be happy to answer your questions.